DEPARTMENT OF JUSTICE

VICTIMS' FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 1999

Provincial Auditor Saskatchewan

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Victims' Fund as at March 31, 1999 and the statement of operations and changes in net assets and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Wayne Strelioff

Regina, Saskatchewan
November 5, 1999

Wayne Strelioff, CA
Provincial Auditor

Statement 1

DEPARTMENT OF JUSTICE
VICTIMS' FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	1999	1998
ASSETS		
Current assets:		
Due from General Revenue Fund (Note 5)	$ 77,724	$ 51,079
Investments (Notes 2 and 3)	3,595,545	3,708,089
Accounts receivable (Note 6)	885,672	542,655
Total current assets	4,558,941	4,301,823
Capital assets (Note 7)	13,700	22,637
	$ 4,572,641	$ 4,324,460
NET ASSETS		
Current liabilities:		
Accounts payable	$ 26,362	$ 7,164
Employee leave entitlement	4,804	5,176
Total current liabilities	31,166	12,340
Net assets (Statement 2)	4,541,475	4,312,120
	$ 4,572,641	$ 4,324,460

(See accompanying notes to the financial statements)

DEPARTMENT OF JUSTICE
VICTIMS' FUND
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
For the Year Ended March 31

	Budget	Actual	
	1999	1999	1998
	(Note 8)		
Revenue:			
Surcharge revenue	$ 2,000,000	$ 2,553,522	$ 1,925,797
Investment income	380,000	437,456	501,309
Other	5,000	17,399	14,713
Total revenue	2,385,000	3,008,377	2,441,819
Expense:			
Administration costs	328,000	397,664	309,910
Crisis intervention services	1,116,000	1,116,918	1,169,113
Court based programs	234,000	191,457	186,965
Compensation payments	300,000	305,162	228,107
Restitution program	135,000	127,775	120,480
Research and education	460,000	267,562	192,255
Special projects	165,000	154,454	359,718
Bad debts	—	218,030	253,443
Total expense (Schedule 1)	$ 2,738,000	2,779,022	2,819,991
Excess (deficiency) of revenue over expense		229,355	(378,172)
Net asset balance, beginning of year		4,312,120	4,690,292
Net asset balance, end of year to Statement 1		$ 4,541,475	$ 4,312,120

(See accompanying notes to the financial statements)

Statement 3

DEPARTMENT OF JUSTICE
VICTIMS' FUND
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	1999	1998
Cash provided by (used in):		
Operating Activities:		
Excess (deficiency) of revenue over expense	$ 229,355	$ (378,172)
Add items not affecting cash:		
Amortization expense	12,491	13,408
Changes in non-cash working capital:		
(Increase) in accounts receivable	(343,017)	(107,625)
Increase (decrease) in accounts payable	19,198	(10,331)
(Decrease) increase in employee leave entitlement	(372)	84
Cash provided by (used in) operations	(82,345)	(482,636)
Investing Activities:		
Sale (purchase) of investments	112,544	(143,494)
Purchase of equipment	(3,554)	(22,847)
Cash provided by (used in) investing	108,990	(166,341)
Increase (decrease) in cash position during the year	26,645	(648,977)
Cash position, beginning of year	51,079	700,056
Cash position, end of year (Due from General Revenue Fund)	$ 77,724	$ 51,079

(See accompanying notes to the financial statements)

DEPARTMENT OF JUSTICE
VICTIMS' FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 1999

1. Authority

The Victims' Fund (Fund) was established by *The Victims of Crime Act* as amended April 1, 1992, and continues under the authority of *The Victims of Crime Act, 1995* (Act). The Fund receives all provincial and federal fine surcharges assessed under the Act and under the Criminal Code. The Act permits expenditures from the Fund to promote and deliver services and benefits to victims; to conduct research and to distribute information respecting victims' services, needs and concerns; and for crime prevention and administration.

2. Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles. The significant accounting policies are as follows:

a) Accrual Accounting

The financial statements are prepared on the accrual basis.

b) Investments

The Fund invests a portion of its surplus funds with the Public Trustee for Saskatchewan. The Public Trustee invests these monies, together with monies it administers for its other clients, in a common fund. Income earned in the common fund, together with part of the change in market values of common fund investments, is allocated annually to clients, including Victims' Fund. The change in market value of common fund investments is allocated equally over four years.

The Fund records amounts allocated to it by Public Trustee as income or loss and adjusts the carrying value of its investment by the same amount. Fair value approximates the carrying value of investments.

c) Capital Assets

Capital assets acquired before March 31, 1997, that have a value greater than $500 and a useful life greater than one year are capitalized and amortized on a straight-line basis over five years. Capital assets acquired after March 31, 1997, that have a value greater than $500 and a useful life greater than one year are capitalized and amortized on a straight-line basis over three years.

d) Revenue Recognition

The Fund recognizes revenue when received or receivable.

3. Financial Instruments

The Fund has the following financial instruments: due from General Revenue Fund, investments, accounts receivable, and accounts payable. The following paragraphs disclose the significant aspects of these financial instruments.

a) Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on cash flows, financial position and income.

The Fund is exposed to interest rate risk when the value of its financial instruments fluctuate due to changes in market interest rates.

The Fund's receivables and payables are non-interest bearing. Due to the short-term nature of these, interest rate risk is minimal.

As market interest rates fluctuate the market value of fixed income investments moves in the opposite direction. This risk may affect the price the Fund can sell the investments for prior to maturity.

b) Credit risk

The Fund is exposed to credit risk from potential non-payment of amounts due from General Revenue Fund, accounts receivable or investment income and principal.

The Fund's accounts receivable arise from fine surcharges assessed against individuals. Credit risk associated with accounts receivable relates to unpaid fine surcharges. The amount of fines which will eventually be collected is difficult to measure. The amount at which accounts receivable are stated in the financial statements is an estimate of fines which will be collected, based on past experience.

The Fund's investments consist of government and government guaranteed bonds, corporate bonds, and shares in Canadian and foreign companies. Credit risk is minimal for government and government guaranteed bonds. Credit risk for corporate bonds is related to investees' abilities to redeem their bonds upon maturity. The Fund limits the credit risk by investing in securities considered to be high quality.

c) Fair Value

For the following financial instruments, the carrying amounts approximate fair value due to their immediate or short-term nature:

Due from General Revenue Fund
Accounts receivable
Accounts payable

The fair value of investments at March 31, 1999 is $3,595,545 (1998 - $3,708,089).

4. Related Parties

Included in these financial statements are transactions with various Saskatchewan Crown Corporations, departments, agencies, boards and commissions related to the Fund by virtue of common control by the Government of Saskatchewan, and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

The Fund received certain administrative services from the Departments of Justice and Finance without charge.

Other transactions with related parties and amounts due to or from them are described separately in the financial statements.

5. Due from General Revenue Fund

The monies of the Fund are deposited in the General Revenue Fund.

The Fund's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis to the Fund using the Government's thirty day borrowing rate and the Fund's average daily bank account balance. The Government's average thirty day borrowing rate for 1998/99 is 5.04% (1997/98 – 3.77%). Interest earned for the year was $9,247 (1998 - $7,815).

6. Accounts Receivable

This amount represents surcharges due to the Fund on account of fines levied against, but not yet paid, by individuals and miscellaneous receivables. The balance at March 31 consists of:

	1999	1998
Surcharge receivable	$ 1,881,571	$ 1,441,496
Allowance for doubtful accounts	(1,123,731)	(905,701)
Net Surcharge Receivable	757,840	535,795
Department of Justice	80,700	—
Miscellaneous	47,132	6,860
Total accounts receivable	$ 885,672	$ 542,655

7. Capital Assets

	1999			1998
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Equipment	$ 59,137	$ 45,437	$ 13,700	$ 22,637

8. Budget

These amounts represent the budget approved by management.

9. Uncertainty due to the Year 2000 Issue

The year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 is processed. In addition similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the year 2000 issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant system failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the year 2000 issue affecting the Fund, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

Schedule 1

DEPARTMENT OF JUSTICE
VICTIMS' FUND
SCHEDULE OF EXPENSE BY OBJECT
For the Year Ended March 31

	1999	1998
Expense:		
Community grants	$ 1,427,612	$ 1,486,655
Salaries	603,434	536,483
Bad debts	218,030	253,443
Contractual services	74,521	132,700
Compensation awards	305,162	228,107
Administration	123,767	137,791
Victim/witness rooms/softrooms	4,933	6,525
Systems expenses	9,072	24,879
Amortization	12,491	13,408
	$ 2,779,022	$ 2,819,991